



19 May, 2010

Dual career expatriates



AGENDA

- **Sizing up the problem**
 - **The demographics of the dual career challenge**
 - **The impact of dual career challenge**
- **Finding an alternative**
 - **Short-term assignments?**
 - **Commuters?**
 - **Single assignments?**

Financial implications: bridging the income gap

Spouse allowances and how they can be used

Organising spouse support



Sizing up the problem

The demographics of the dual career challenge

The impact of dual career challenge

Solving dual career issues: a priority for companies?

The demographics of the dual career challenge

Between 65 and 85% of the employees on long-term assignment have an accompanying partner

40 to 60% of trailing spouses were employed prior to the assignment...the vast majority will not (or cannot) find a job in the new location

Increasing number of female expatriates (20% of expatriates?) and emergence of male trailing spouses

Companies are sometimes reluctant to dig into personal issues and not all potential expatriates report the problem

Impact for the employee

Financial implications

Career issues

Personal issues: loss of status, lack of recognition and of challenges

Double shock: on departure and upon repatriation



Opportunities missed (employee) / Career Stalled (spouse) / Loss of income

Impact for the company

Key employees refuse assignment / main barrier to mobility for global talent

Risk of crisis during the assignment (divorce) potentially affecting the employee's performance

Premature repatriation

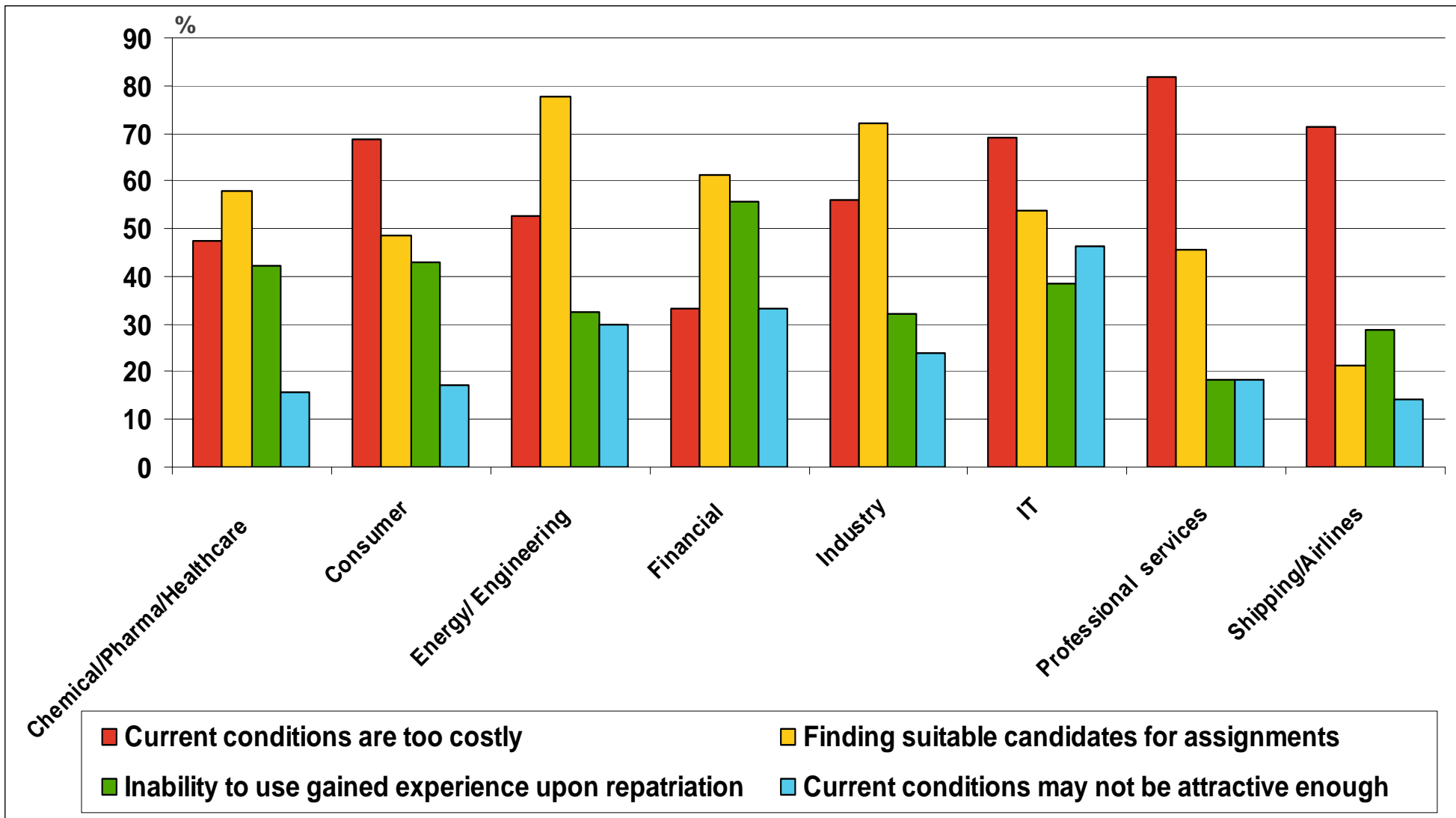
Repatriation/localisation plans difficult to implement



Talent retention / Cost / Business impact

Impact for the company

The need to remove barriers to mobility and find more candidates for expatriation



From problem to opportunity?

The issues around dual career have a major impact on the individual and the company and should not be ignored

Removing mobility barriers linked to dual career issues allows companies to tap into new sources of talent

Having an effective spouse support policy can be a competitive advantage when it comes to attract and retain talent



Finding an alternative:

Short-term assignments?

Commuters?

Single Assignments?

Finding an alternative: Short Term Assignments?

- Type of assignment growing faster than traditional long-term assignments
- Duration 6 months to 1 year (18 months in some cases) without the family
- Traditional short-term expat package includes
 - Daily allowances (54% of companies) or cost-of-living allowance (20%)
 - Full housing costs in host location covered
 - 44% of companies provide a mobility premium (5 to 15% of gross salary) and 45% hardship allowances if relevant
 - Home leave: four times per year (32%), six times per year (24%) or 12 times per year (32%)
- A word of caution: only 40% of companies agree that it is easier to motivate employees to go on short-term as opposed long-term assignments and 50% consider that short-term assignments are not easier to manage

Finding an alternative: Commuters?

- **Definition ? The concept of commuter often reflect very different realities...**
- **Increasingly used (45% of European companies and 35% of American companies) and better tracked...**
- **Duration: up to 2 years**
- **Compensation is based on home country salary plus:**
 - **Accommodation fully covered (hotel or serviced apartment)**
 - **Daily allowance for days spent in host location (32%) or reimbursement of costs as per travel policy (45%)**
 - **Hardship allowance if relevant (provided by 50% of companies) and a mobility premium (only 25% of companies)**



Finding an alternative: “Single assignments” (Long Term)?

- **56% of companies send married employees without the family**
- **Duration 1 to 3 years.**
- **Traditional expatriate package but with**
 - **More additional home trips and family assistance**
 - **Potentially higher mobility premium (10 to 15% of gross salary instead of 5-10% for typical assignments)**
- **Sometimes used for cost-cutting purposes but the budget that would have been provided for family housing and schooling can also be used differently**
- **A case by case solution; subject to many exceptions**
- **Not for everybody: work best with frequent travellers with an international outlook**

Finding an alternative

A solution for individual cases rather than a strategy to solve the problem

- **Traditional long-term assignments cannot be fully replaced by other types of assignments**
- **The other types of assignments represent a solution for individual cases if discussed early enough in the expatriate selection process but do not constitute a strategy to solve dual career issues**
- **These types of assignments have in common the facts that they work best for specific types of employees (highly mobile with international experience) and/or for specific locations**
- **Overall, these types of assignments can still be very disruptive for family life**



Financial implications: bridging the income gap



Financial implications

Dual career couple relocated might suffer a serious loss of Income

Few companies are willing to compensate directly for this loss (i.e cover all or part of the salary)

However the loss of income is partly offset by the expatriate package: the question is to what extent and how to do it



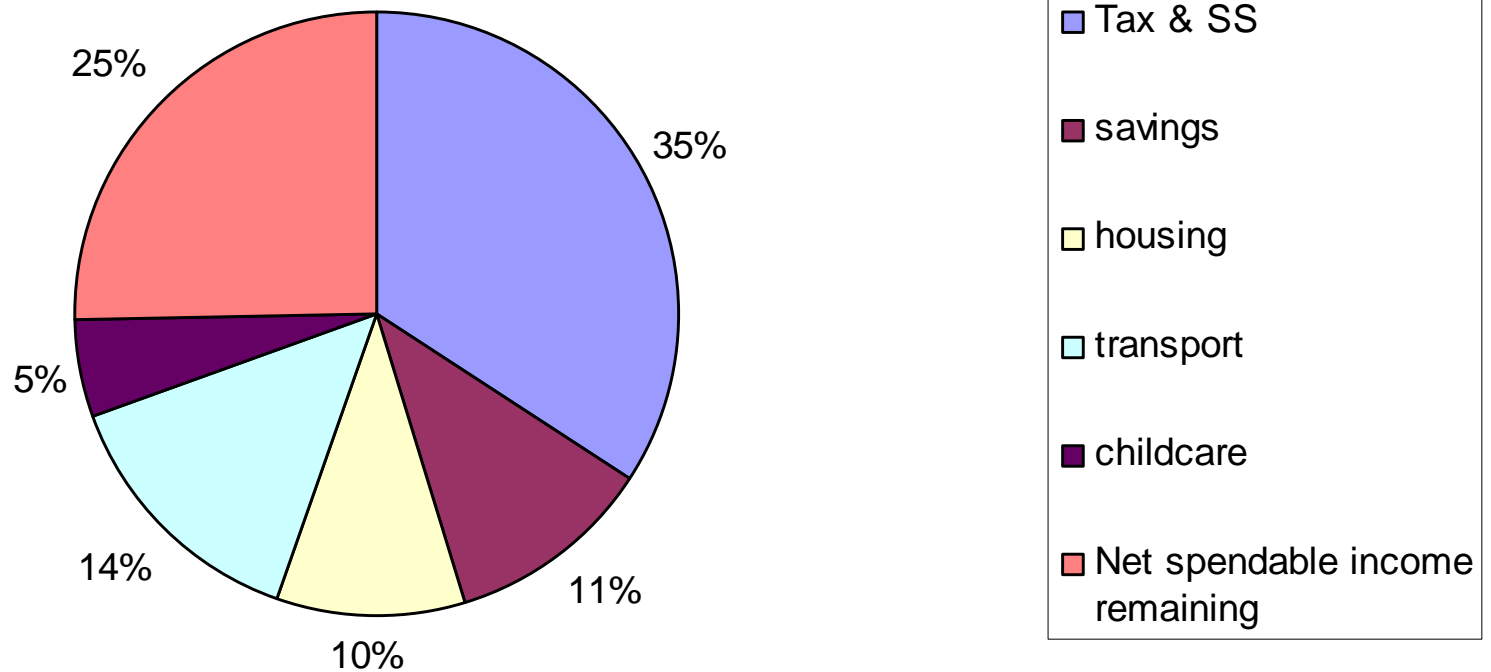
Copenhagen M+2 (EUR)

	Home (employee)	Home (spouse)	Home – 2 salaries	Home - 1 salary
Gross Salary	100'000	50'000	150'000	100'000
Tax	-37'511	-14'384	-51'895	-35'213
Social Security	-8'133	-4'134	-12'267	-8'133
Family Allowance	2'843		2'843	2'843
Net Income	57'198	31'482	88'680	59'497



Salary expenditure breakdown Copenhagen, M+2, dual income

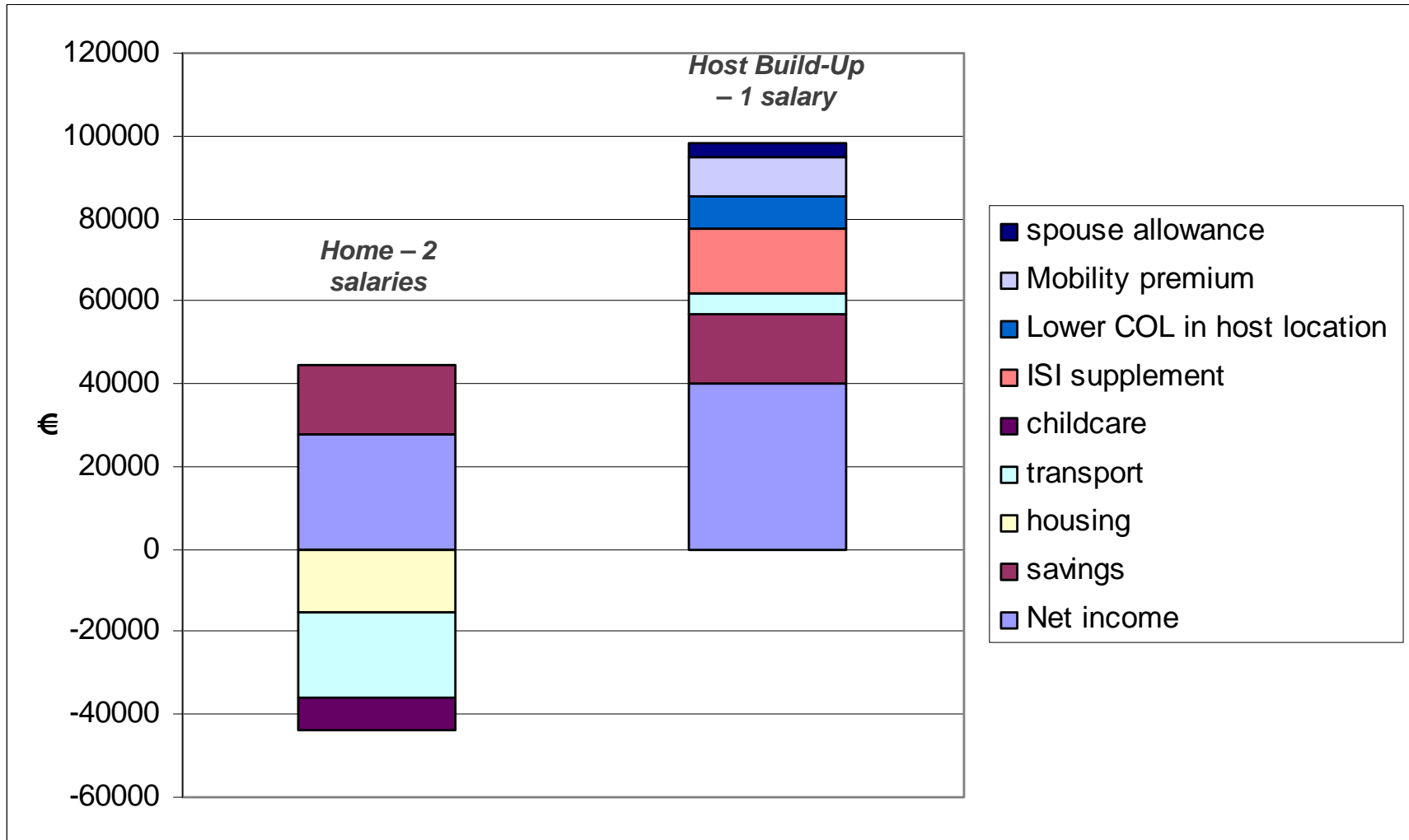
Hypothetical dual-income household expenditure breakdown





Household expenses comparison

M+2, Copenhagen to London, double income to single with allowances





Financial implications

It is important to note that not all nationalities are equal when dealing with dual income issues (e.g. Scandinavian at disadvantage)

It is essential to understand the financial implication of dual career issues (if not for every single individual at least having an overview)

The value of the expatriate package has to be communicated to the employee

The expatriate package can offset part of the income loss and in a few cases solve the problem. It is however, only part of the answer and should be complemented by a comprehensive spouse support policy

If the outbound problem is solved, repatriation can still be a shock as the couple is used to a certain purchasing power with only one salary



Spouse allowances and how they can be used

Different forms of payments

Cash amounts

- Few companies would fully cover for the loss of income
- Spouse/partner pension funding allowance (6%)
- 27% of companies provide a cash allowance, usually around \$5,000 provided either annually (75%) or as one-time payment (25%).
- Other examples (less common):
 - 50% of lost income (capped; e.g. \$20,000 max) for one year
 - Transition allowance (3 months of lost income)
 - Lump sum partly covering income loss and training/education (maximum of \$20,000)
- Cash payments are increasingly perceived as less effective than reimbursement of support services
- Using cash amounts can be delicate to communicate and can be perceived negatively by the spouse

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Spouse allowance Budget for spouse support

- Spouse allowance to reimburse
 - work permit (42%)
 - career guidance (39%)
 - Professional trainings and further education, broad offering (30%)
 - Job search/outplacement assistance (45%)
- Amounts \$4,000 to \$8,000
- +
- Companies provide a budget Language (77%) and cultural training (59%)

Mercer's 2009/2010 International Assignment Survey

Spouse allowance

Other ways to use the spouse allowance

- **Membership to social or expatriate clubs (provided by 17% of companies)**
- **Help setting up a home office**
 - free computer
 - paying and helping set up an internet connection/ telephone and more generally anything that could help communicate with the home country and help find a job in the new location
- **Reimbursement of other items that facilitate the life of the spouse in the host location (e.g. GPS)**
- **Reimbursing useful items is effective way to show that the company is supporting the spouse**

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Spouse allowance: reaction to the crisis Cost cutting or budget re-allocation?

Over 50% of European and American companies have a segmented policy approach

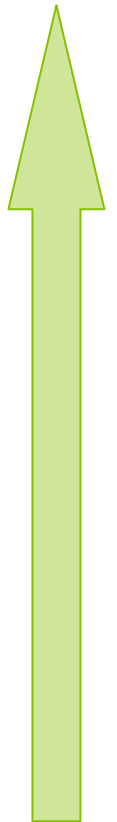
Global nomads / career expatriates / strategic moves
Spouse support: essential

Skilled professional / standard assignments
Spouse support: important

Developmental moves
Spouse support: useful (reduce?)

Moves initiated by the employee
Spouse support: typically not provided (cut!)

High
priority



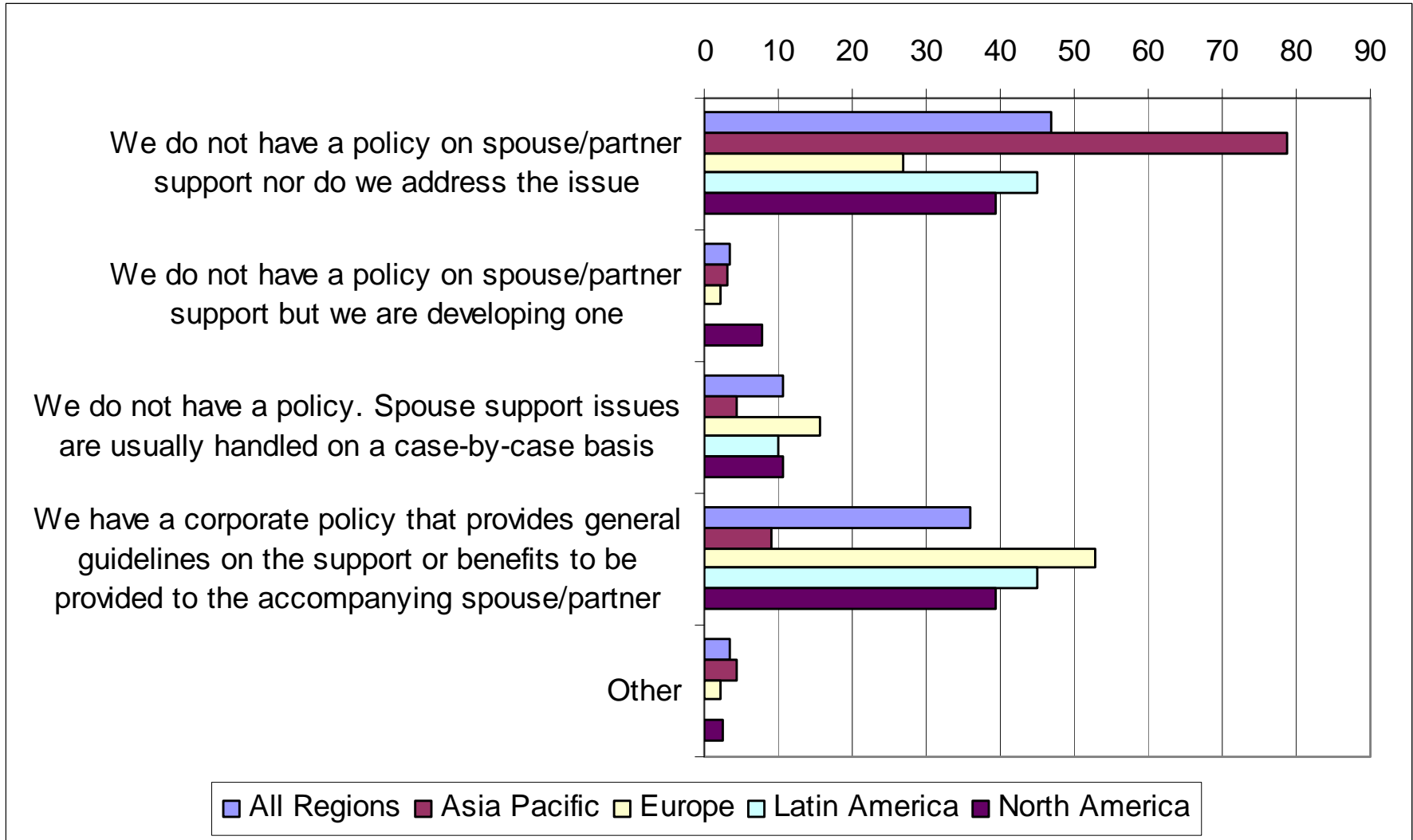
Low
priority



Organising spouse support

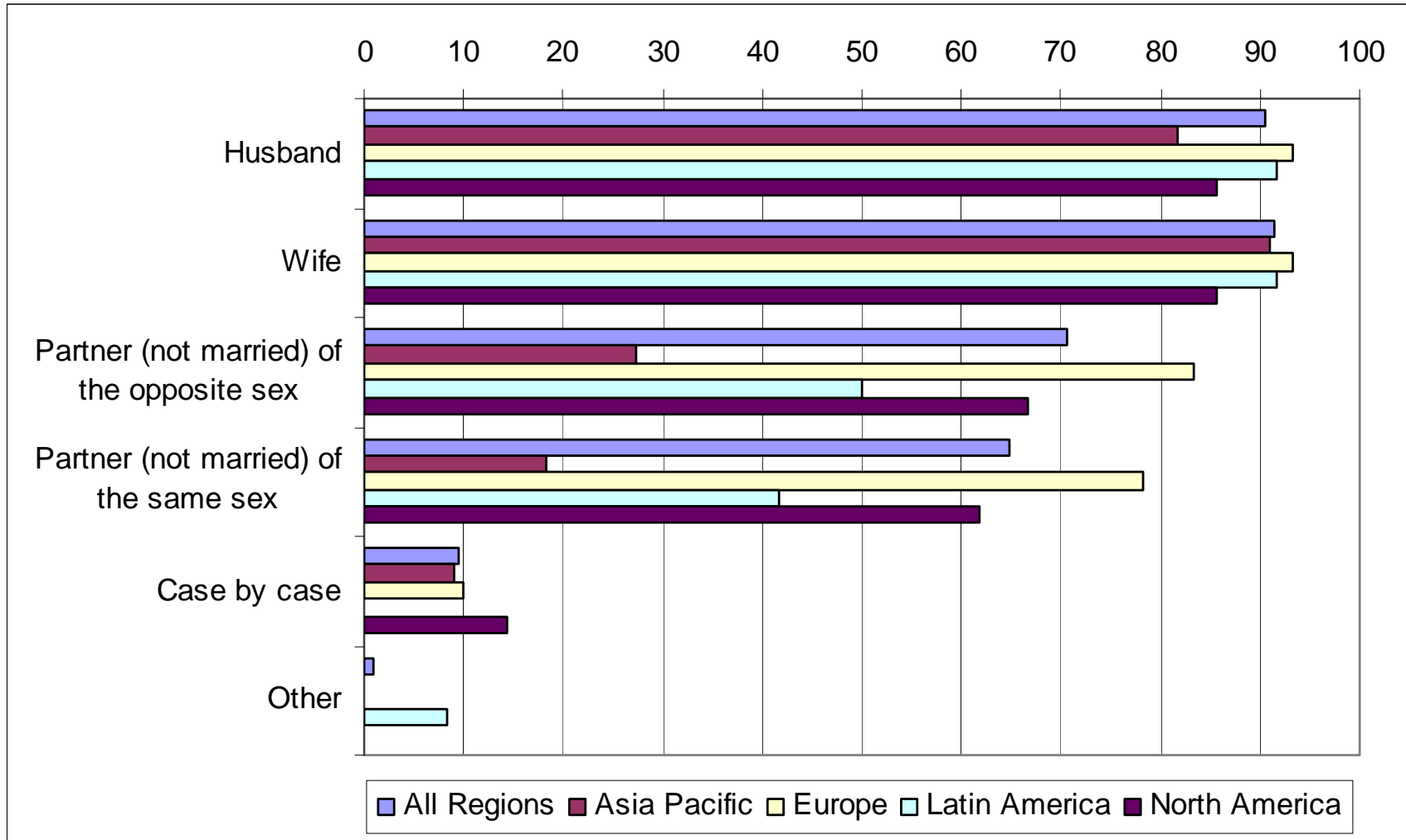


Does your company have a written policy on spouse support for your traditional/long-term expatriates?





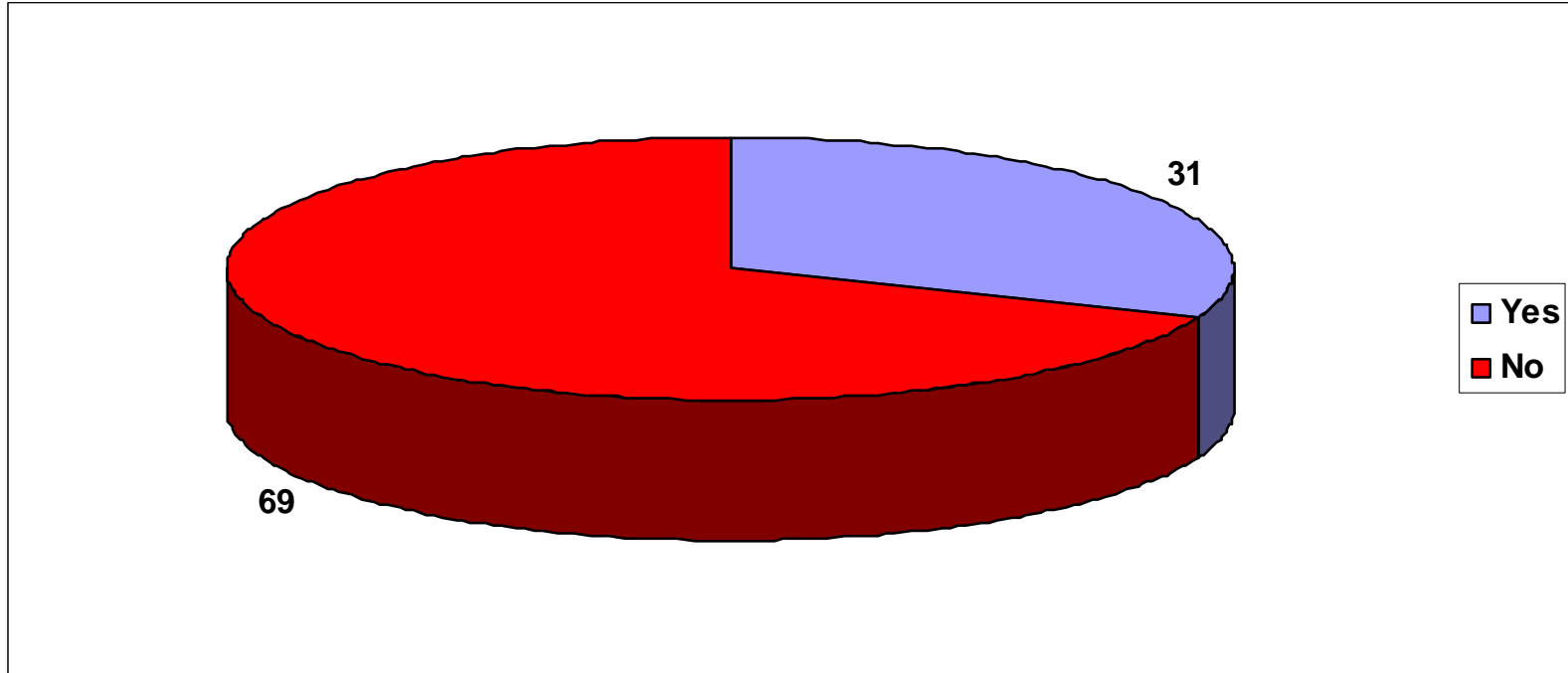
Who is covered under the term spouse/partner for support?





Involving the spouse/family

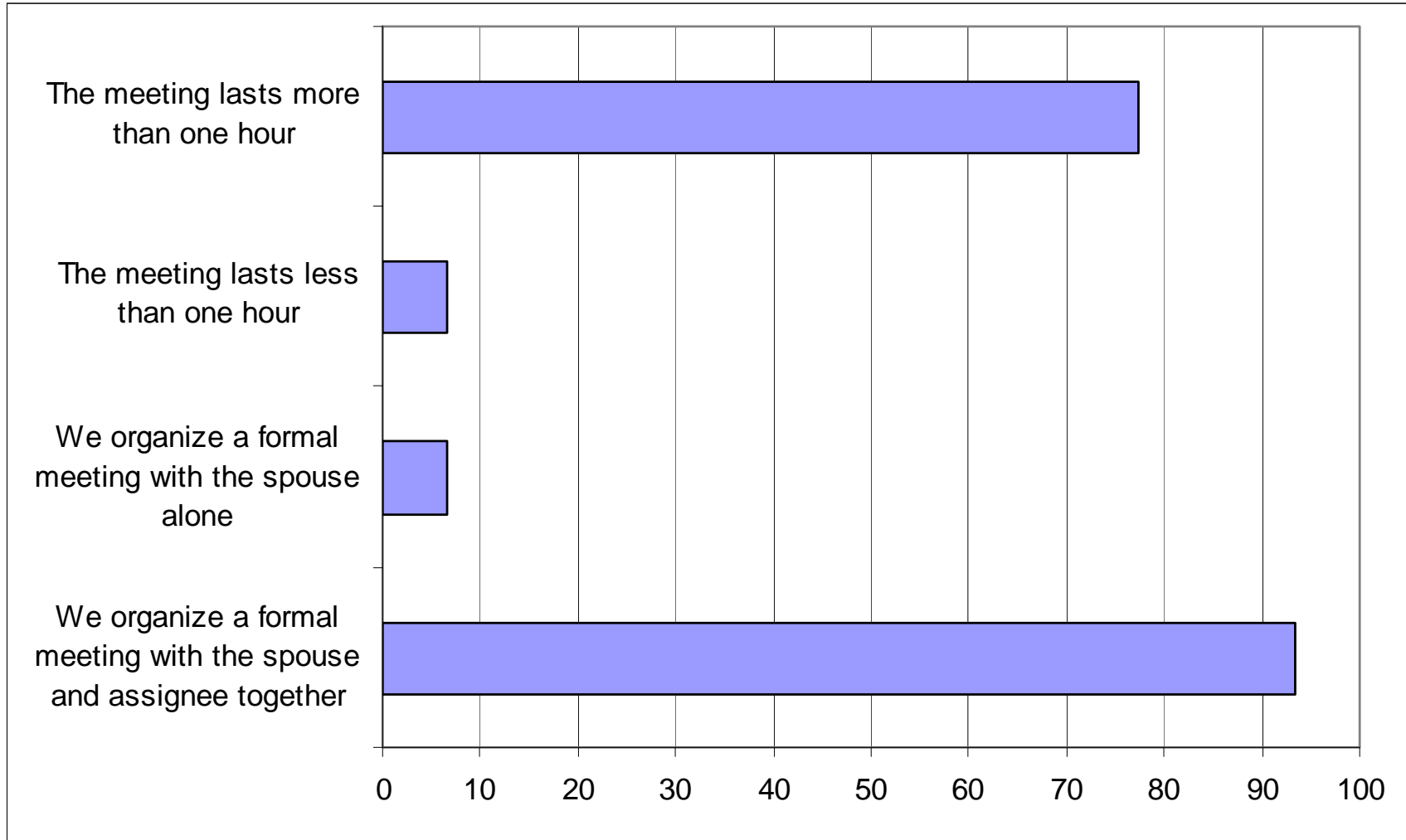
Do you meet your assignee's spouse/partner before departure?



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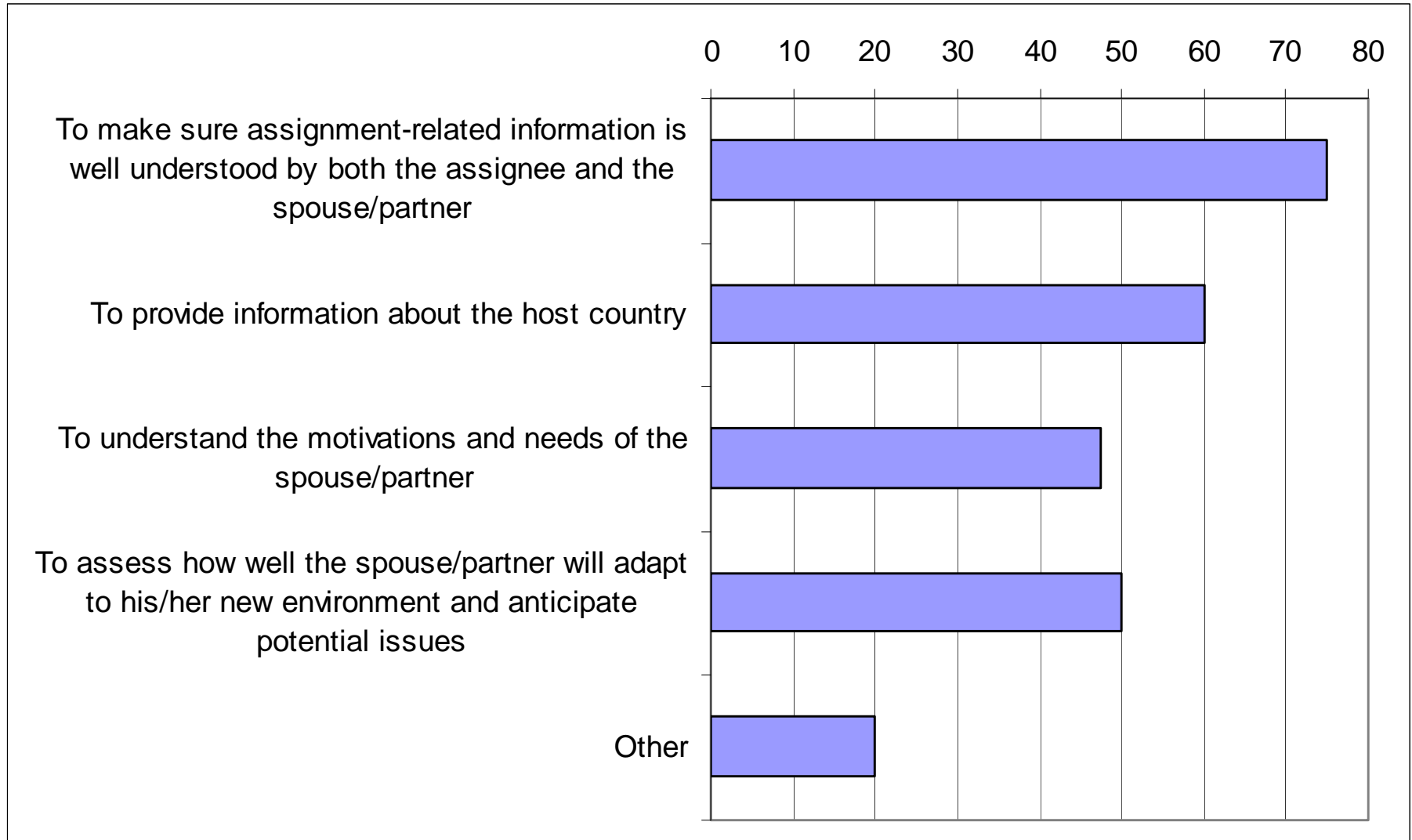
Involving the spouse/family. Details about the meeting:



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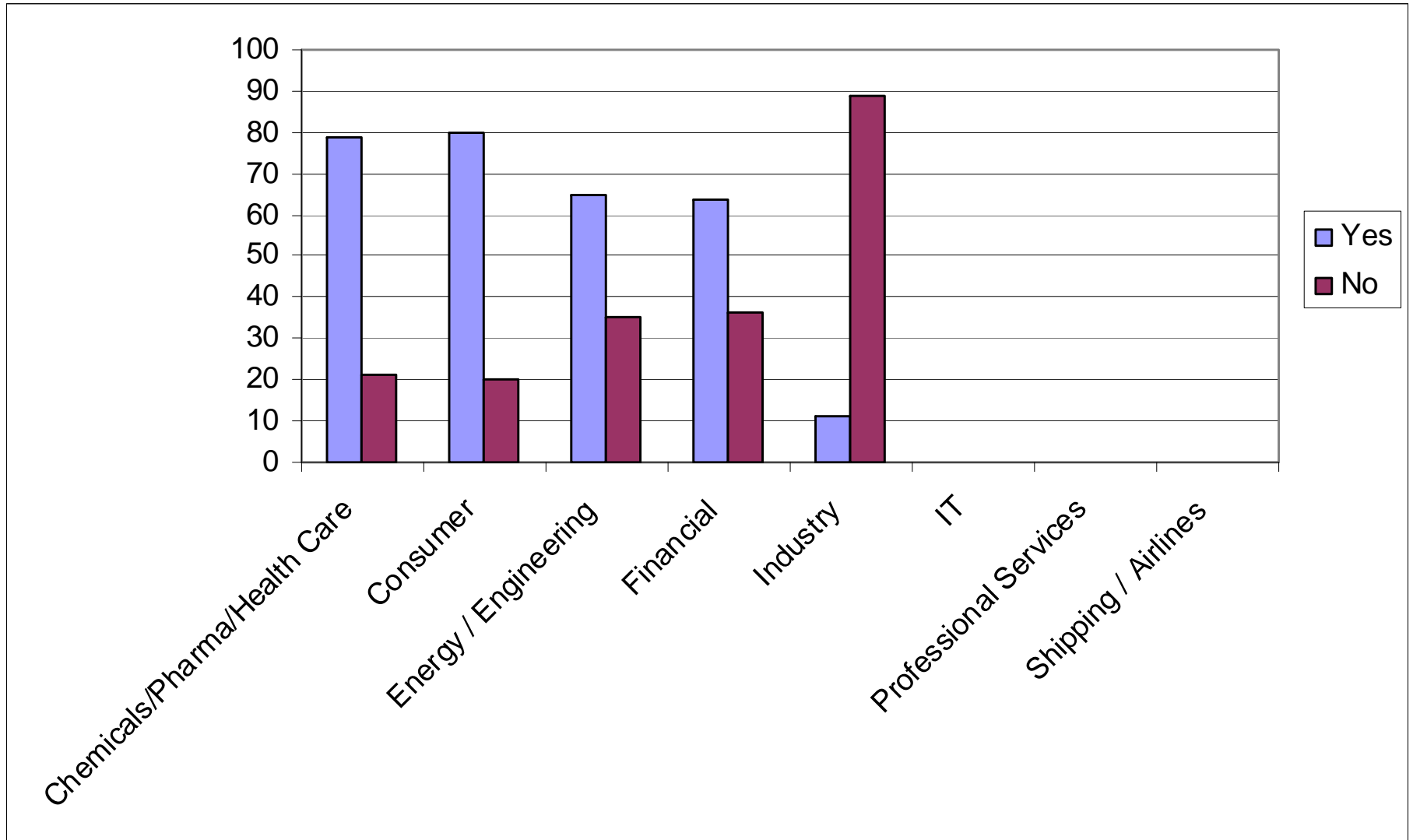
Involving the spouse/family. What is the purpose of the meeting?



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The use of external providers to organise spouse support



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Managing communication with the family

Thinking about an international assignment?
Read me first!



Meeting with manager and HR to discuss assignment/repatriation objectives. Visit to host/home country to get familiarized

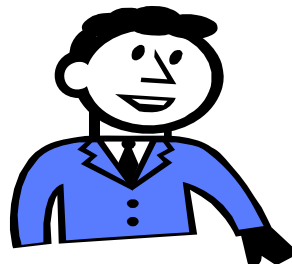
Accepting an assignment?
Your expat information pack



Global mobility framework, policy and supporting documents, HR checklists, tax information, external links etc.

In touch – the quarterly email newsletter for expats

International assignment
Manager's guide
(home and host)



Ongoing contact with and support from HR

Coming home?
Your repatriation information pack



Addressing dual career issues

Conclusion

Don't ignore the problem and don't hesitate to discuss issues with employees and management

Understand the financial implications and communicate the value of the expatriate packages you are offering

“Visible” forms of spouse support are often more effective than simple cash payments

Make sure a comprehensive spouse support policy is included in your expatriate management programmes

Communicate your spouse support policy and turn it into a competitive advantage

Questions and contacts



Olivier Meier
London
+44 20 7178 5337
olivier.meier@mercer.com



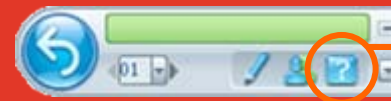
Charlotte Harding
Geneva
+41 22 869 3062
Charlotte.harding@mercer.com

Questions

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